

106TH CONGRESS
2D SESSION

H. R. 5634

To amend the Internal Revenue Code of 1986 to provide a rehabilitation credit for certain expenditures to rehabilitate historic performing arts facilities.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 14, 2000

Mr. HOUGHTON (for himself and Mr. RANGEL) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a rehabilitation credit for certain expenditures to rehabilitate historic performing arts facilities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Historic Performing
5 Arts Facility Rehabilitation Act”.

6 **SEC. 2. HISTORIC PERFORMING ARTS FACILITY REHABILI-**
7 **TATION CREDIT.**

8 (a) IN GENERAL.—Section 47 of the Internal Rev-
9 enue Code of 1986 (relating to rehabilitation credit) is

1 amended by adding at the end the following new sub-
2 section.

3 “(e) HISTORIC PERFORMING ARTS FACILITY REHA-
4 BILITATION CREDIT.—

5 “(1) IN GENERAL.—In lieu of the credit other-
6 wise allowable under this section, a qualified per-
7 forming arts institution shall receive a historic reha-
8 bilitation credit certificate.

9 “(2) HISTORIC REHABILITATION CREDIT CER-
10 TIFICATE.—For purposes of this subsection, the
11 term ‘historic rehabilitation credit certificate’ means
12 a certificate—

13 “(A) issued to a qualified performing arts
14 institution, in accordance with procedures pre-
15 scribed by the Secretary, with respect to a cer-
16 tified rehabilitation,

17 “(B) the face amount of which shall be
18 equal to the credit which would (but for this
19 subsection) be allowable under subsection (a) to
20 the taxpayer with respect to such rehabilitation,

21 “(C) which may only be transferred by the
22 qualified performing arts institution to a lend-
23 ing institution (including a non-depository insti-
24 tution) in connection with a loan—

1 “(i) the proceeds of which may not be
2 used for any purpose other than the reha-
3 bilitation of the historic performing arts
4 facility to which the credit relates, and

5 “(ii) the duration of which shall not
6 exceed the anticipated duration of the re-
7 habilitation, and

8 “(D) in exchange for which such lending
9 institution provides the qualified performing
10 arts institution—

11 “(i) a reduction in the rate of interest
12 on the loan which results in interest pay-
13 ment reductions which are substantially
14 equivalent on a present value basis to the
15 face amount of such certificate, and

16 “(ii) to the extent of any amount of
17 such certificate not applied under clause
18 (i), a reduction in the principal amount of
19 the loan in an amount substantially equiva-
20 lent on a present value basis to the face
21 amount of such certificate so applied.

22 “(3) USE OF HISTORIC REHABILITATION CRED-
23 IT CERTIFICATE BY LENDER.—The amount of credit
24 specified in the certificate and transferred to the
25 lender shall be allowed to the lender only to offset

1 the regular tax (as defined in section 55(c)) of such
 2 lender. The lender may carryforward all unused
 3 amounts under this subsection until exhausted.

4 “(4) HISTORIC REHABILITATION CREDIT NOT
 5 TREATED AS UNRELATED BUSINESS TAXABLE IN-
 6 COME.—Notwithstanding any other provision of law,
 7 no benefit accruing to the qualified performing arts
 8 institution through the use of a historic rehabilita-
 9 tion credit certificate shall be treated as unrelated
 10 business taxable income for purposes of this title.”.

11 (b) HISTORIC PERFORMING ARTS FACILITY.—Sec-
 12 tion 47(c) of the Internal Revenue Code of 1986 (relating
 13 to definitions) is amended by adding at the end the fol-
 14 lowing new paragraph:

15 “(4) HISTORIC PERFORMING ARTS FACILITY.—

16 “(A) IN GENERAL.—The term ‘historic
 17 performing arts facility’ means any building
 18 and related improvements (including public pla-
 19 zas and concourses, vehicular and pedestrian
 20 passageways, mechanical installations, garages,
 21 and other related structures and facilities)
 22 which is—

23 “(i) a certified historic structure,

“(ii) owned by, or leased or licensed to, one or more qualified performing arts institutions, and

“(iii) used for—

“(I) the presentation or production of the performing arts,

“(II) education, training, or the presentation of educational programs in the performing arts,

“(III) research in, archiving of records pertaining to, or operation of public libraries for the performing arts, or

“(IV) office and other functions related to an activity described in subclause (I), (II), or (III).

“(B) QUALIFIED PERFORMING ARTS INSTITUTION.—The term ‘qualified performing arts institution’ means any organization described in section 501(c) and exempt from tax under section 501(a) which is organized and operated to present, produce, advance, teach or otherwise facilitate the performing arts.

“(C) PERFORMING ARTS.—The term ‘performing arts’ means the performance, playing,

1 presentation, dissemination, recording, re-
2 hearsal, or creation of any type of music, the-
3 ater, drama, dance, opera, cabaret, film, video,
4 radio, or other art forms.”.

5 (c) QUALIFIED REHABILITATION EXPENSES.—Sec-
6 tion 47(c)(2)(B) of the Internal Revenue Code of 1986
7 (relating to certain expenditures not included) is amended
8 by adding at the end the following new clause:

9 “(vii) SPECIAL RULES FOR QUALIFIED
10 PERFORMING ARTS INSTITUTIONS.—

11 “(I) GRANTS.—Any expenditure
12 by a qualified performing arts institu-
13 tion to rehabilitate an historic per-
14 forming arts facility to the extent
15 such expenditure is funded by any
16 grant from a Federal, State, or local
17 government in connection with the re-
18 habilitation of such facility.

19 “(II) EXPENDITURE OF LES-
20 SEE.—For purposes of clause (vi), a
21 qualified performing arts institution
22 that leases or licenses an historic per-
23 forming arts facility from a person
24 other than a qualified performing arts

1 institution shall be treated as the
2 owner of the facility.

3 “(III) ENLARGEMENT; TAX-EX-
4 EMPT PROPERTY.—In the case of any
5 expenditure in connection with an his-
6 toric performing arts facility, clauses
7 (iii) and (v) shall not apply.”.

8 (d) REHABILITATION CREDIT FOR PROPERTY USED
9 BY CERTAIN TAX EXEMPT ORGANIZATIONS.—Section
10 50(b)(3) of the Internal Revenue Code of 1986 (relating
11 to property used by certain tax-exempt organizations) is
12 amended by adding at the end the following new sentence:
13 “This paragraph shall not apply in the case of a rehabilita-
14 tion credit determined under section 47(a) with respect
15 to qualified rehabilitation expenditures (as defined in sec-
16 tion 47(c)) paid or incurred with respect to an historic
17 performing arts facility (as so defined).”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply with respect to a rehabilitation the
20 physical work on which begins after the date of the enact-
21 ment of this Act.

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